

INTERMOUNTAIN POWER SERVICE CORPORATION

January 7, 2004

Mr. Dale Naughton
TEI Construction
550 B Brookshire Rd.
Greer, South Carolina 29651

Dear Mr. Naughton:

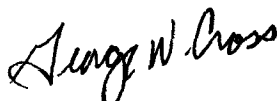
Letter of Intent
Secondary Air Heater Modifications and Burner Replacement Projects

We are providing this document as evidence of intent to form contracts with TEI Construction for installation work associated with Intermountain Units 1 & 2 Secondary Air Heater Modifications and Unit 2 Burner Replacement Projects. The contracts' terms for both the above-named projects are currently in the final stages of negotiation and will be issued for final review within the next few days.


This letter is to serve as interim substantiation of our intent to fully reimburse TEI Construction for all reasonable costs incurred in execution of the work scopes associated with the two proposed contracts, while the proposed contracts are being finalized or in the unlikely event that one or both of the proposed contracts cannot be finalized. With the exception of the few issues being finalized, the terms of the proposed contracts will be used as the basis for guiding the ongoing work.

We look forward to a well-coordinated, successful outage similar in approach to the Unit 1, 2003 outage completed last spring. You may contact Mr. James Nelson at (435)864-6464 with questions or comments.

Sincerely,



George W. Cross
President & Chief Operations Officer

 JHN/JKH:jmj

TEI Construction Services, Inc.

7870 SCHILLINGER PARK WEST
MOBILE, ALABAMA 36608

FAX COVER SHEET

Date: 12-16-03

Quotes
For
T-BARS

From: Tinker Steel

Number Of Pages (Including This Sheet): 3

To: Bret Kent

707-373-8162
590-305

Fax Number: _____

Comments: Air heater Proposal.

Note: If any of these fax copies are illegible, or you do not receive the same number of pages as stated above, please contact us immediately at: Phone (251) 633-4181 Fax (251) 633-4158

IP7_033755



TEI CONSTRUCTION SERVICES, INC.
A Babcock Power Inc. Company

December 16, 2003

IPP
850 Brush Wellman Rd.
Delta, UT 84624

Attn: Mr. Bret Kent

RE: T-Bars & Rotor Angles Material

Dear Sir

TEI would like to offer our proposal to furnish the Materials requested in your fax on 12-15-03 as for the labor there would not be any additional cost to IPP for the removal and installation is already included in the basket change out.

We are sending two ea proposals that we received for the material. Which ever one that IPP would like, we would buy them from those people the cost would be as stated plus Freight & Mark up per the contract of 15%.

If there are any other matters we can help with please contact me at 251-633-4181 or on my cell 251-401-9379.

Sincerely

Charles A. (Tinker) Steede
Regional Manager

Dec 16 03 06:44a

Deborah Amberson

9099266386

p.1

**FACSIMILE
TRANSMITTAL**

Name: Tinker Steele
Organization: T.E.I.
Fax Number: 251-633-4158
From: Jack Freidberg
Power Replacements, Inc.
Date: December 16, 2003
Subject: T-bars and by pass angle
Pages: 1

Rotor size is a 33.5 VI

2 sets standard t-bars (48 t-bars with clips) \$ 9,000.00

2 sets bypass angles (3 X 2 X 1/4 X 120 16 pcs)\$ 3,800.00

All prices are FOB Riverside Calif freight collect
Delivery 1 to 2 weeks



909-926-6376

IP7_033757

12/16 '03 11:17

ID: AIR PREHEATER-HRS

FAX: 585-593-3172

PAGE 1

ALSTOM Power Inc.

Air Preheater Company

3520 Thru Road, P. O. Box 372
Wallville, NY 14893Quote Number: **368-2060-4100**

Page Number: 1 of 1

Teletype Quotation To: RANDY BROWN / TINKER STONE
 Location: TEI CONSTRUCTION SER.
 Phone: 251-633-4181
 Fax: 251-633-4158

P.O. No. _____

Tax Exempt No. _____

Signed: _____

Date: _____

NO VERBAL ORDERS, PLEASE: FOR EMERGENCY / RUSH ORDERS, RETURN THIS DOCUMENT SIGNED AND DATED ABOVE, OR FAX A COPY OF YOUR ORDER IMMEDIATELY SO THAT WE MAY PROCEED. YOUR COMPLETED ORDER IS REQUIRED IN-HOUSE PRIOR TO SHIPMENT.

Area Office: LAPayment Terms: Net 30

Quote Date	Customer Inquiry Number	Customer Inquiry Date	Shipment of Materials After Receipt of Order	All Prices are:
12/16/03	VERBAL	12/16/03	6 WEEKS	FAB SHIPPING PT. - FRT. COLLECT

Station: LYNDOYL #2Size: 33 1/2-VIM

Ljungström® Air Preheater

LAP-4100

Item No.	Part Number	Description	Order Qty	U/M	Unit Price	Total Price
1		FLOATING T-BAR - HOT & COLD ENDS WITH INSTALLATION MATERIAL	2	SETS	\$9,868.00	\$19,736.00
2		ROTOR ANGLES - HOT & COLD ENDS	2	SETS	\$6,160.00	\$12,320.00
		TOTAL				\$32,056.00
		WE NORMALLY RECOMMEND NEW ROTOR ANGLES WHEN INSTALLING NEW T-BARS IF THE CONDITIONS WARRANT				
		APPROX. WGT. T-BAR = 6000 * *				
		APPROX. WGT. RTR. ANG. = 4000 * *				

For tax purposes, Purchase Order is required prior to Shipment. Late Payments are subject to a charge of 1 1/4% per month.

INSPD-3 11/13/01

The Air Preheater Company, Inc. "Standard Terms and Conditions of Sale" GS-634-HRSA-10/24/00 shall apply to this transaction.

Prices are valid for 30 days from date of quote. Air Preheater's minimum billing is \$150 per order/release/shipment.

**Lead Time: Based on material shipment after receipt of approved purchase order and/or authorization to manufacture.

For additional information please contact:

Chris Anderton - Sr. Customer Service Rep

Ph: (585) 596-2686

Fax: (585) 593-3172 or (585) 596-2631

e-mail: chris.d.anderton@power.alstom.com.

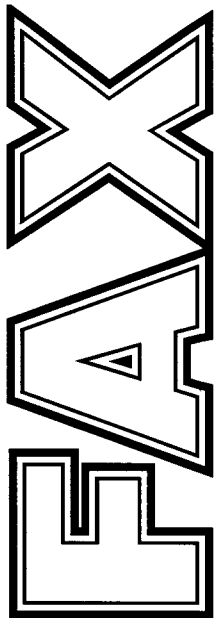
Air Preheater Company
Heat Recovery Services - Project Development



VISIT US AT OUR WEBSITE:

www.airpreheatercompany.com

IP7_033758



T R A N S M I T T A L

IPP



INTERMOUNTAIN POWER SERVICE CORPORATION

ADDRESS: 850 W. Brush Wellman Rd., Delta, UT 84624

CONFIRMATION: (435) 864-6447

FACSIMILE: (435) 864-0747

TO

Company: TEI Construction Services, Inc.

Attention: Tinker Steede

Facsimile: 251-633-4158

FROM

Name: Bret Kent

Department: Technical Services

Phone: 435-864-6447

Date: December 15, 2003

Pages to follow: 0

RE: Air Heater Proposal

Please submit a proposal addendum for labor **and materials** needed for installation of T-bars and Rotor Angles, from Alstom Power Air Preheater Company (see contact below).

This should be quoted per Air Heater, with breakout for labor(if any) and materials. The quote should take into account that these parts are to be removed during the change out anyway.

The intent is that 2 sets would be purchased this year. If the removed sections were in need of replacement they would be installed. If not they would be held for next year.

Contact: Guy Drake, Project Manager - Air Preheater Company
phone: 585-596-2689 fax: 585-596-2631

bk

Approval

12-15-03
Date/Time Sent

10:34 am

IP7_033759



Air Preheater Company

Quote Number:

3GS-2060-4100

Air Preheater Company

ALSTOM Power Inc.

3020 Truax Rd, P. O. Box 372

Wellsville, New York 14895

www.airpreheatercompany.com

QUOTATION TO: Mr. Bret Kent
Intermountain Power Service Corp.

Page Number: 1 of 1

Revision Date:

Area Office: Los Angeles**Terms:** Net 30 Days

Quote Date	Customer Inquiry Number	Customer Inquiry Date	**Shipment of Materials After Receipt of Order	All Prices are:
11/6/03	request	11/6/03	6 weeks	FOB Wellsville, NY-Freight Collect

Ljungström® Air Preheater

Station: Lynndyl #2

Size: 33.5VIM

LAP- 4100

Item No.	Part Number	Description	Order Qty	U/M	Unit Price	Total Price
		Per your request to our Mr. Gary Allen we are pleased to offer:				
1	As spec	Hot and cold end floating t-bars with fasteners	2	Set	9,868.00	\$19,736.00
2	As spec	Hot and cold end rotor angles	2	Set	6,160.00	12,320.00
					Total	\$32,056.00
		We normally recommend new rotor angles when installing new t-bars if the conditions warrant.				
		Approx. weight of t-bars = 6,000# total.				
		Approx. weight of rotor angles = 4,000# total.				

For tax purposes, Purchase Order is required prior to shipment. Late payments are subject to a charge of 1 ½% per month.

HRSPD-2 11/15/01

The Air Preheater Co. "Standard Terms and Conditions of Sale" GS-634-HRSA-10/24/00 shall apply to this transaction.

Prices are valid for 30 days from date of quote. Air Preheater's minimum billing is \$150 per order/release/shipment

****Lead Time:** Based on material shipment after receipt of approved purchase order and/or authorization to manufacture.

For additional information please contact:

Guy I. Drake, Project Manager

Ph: (585) 596-2689

Fax: (585) 596-2631

E-mail: guy.i.drake@power.alstom.com

Air Preheater Company

Heat Recovery Services - Project Development

IP7_033760